REMARKS

Claims 1 through 12 are under consideration. Claims 1, 2, 7 and 10 have been amended. Reconsideration of all claims is respectfully requested. In accordance with the principles of compact prosecution, applicant requests that the Examiner call applicant's attorney to discuss any outstanding issues before issuing yet another Office Action with exactly the same rejections copied from previous Office Actions. It is the Examiner's duty to move the prosecution forward and to explain better the basis of his rejections.

Rejection Under 35 U.S.C. § 112 Rejection

The Examiner rejected claims 1 and 7 under 35 U.S.C. § 112, requesting *a time lime for the transaction events before, during, and after the e-commerce transaction that include the consumer, the consumer's I/O device, the merchant biller, and the bank(s) during such time frames to establish exactly where this transaction starts and ends and which one of the three parties and the I/O device are involved at these critical points. Examiner also note[d] that while the personal financial information of the user and user's I/O are physically stored in different databases, the physical separation of databases per se is insufficient to prevent them from linking at the financial institution (fig 2:100) which does take part during the transaction and therefore personal information of the user must take part during the transaction.*

In response, Applicant feels that these elements were sufficiently described in the original specification; however, in the interest of expediting the prosecution of this now three-year-old application, the sequence of events for an ordinary transaction is presented herewith. Each of the events in the presented timeline may be found in the DETAILED DESCRIPTION OF THE PRESENT INVENTION section of the application as file on

March 13, 2000. The timeline acts as a mere explanation of the sequence as described in the original specification and no new matter has been added.

The first step in the process involves the purchase of the I/O device from the financial service institution. See Specification, page 12, lines 4-6. See Specification, page 12, lines 6-14.

This step in the process is analogous to the transactional step in Kolling where the ESO initiates an ACH transaction. At this step the financial institution provides the customer with the I/O device, the device may be authorized for a given amount, an amount that will generally be less than the account balance. Once the I/O device is purchased there is no further need to access the customer's personal financial information. The I/O device is then installed onto the client's computer. This step is not present in Kolling, where there is no mention of the installation of any hardware or software onto a user's computer. Kolling's closest reference to this is the ambiguous statement that 'The transaction may ...be initiated with an electronic invoice' Col 28, ln 46-48. No logical interpretation of the proceeding should lead to the conclusion that the reference mentions even the desirability of the step of installing either hardware or software on a client's computer.

The client then proceeds to locate a product which s/he wants to buy from a participating merchant's website. See Specification page 12, lines 17-20. When the client decides to make a purchase s/he enters the previously assigned password. The I/O serial no, password, and dollar value are sent through a HASH combination to the financial institution. See Specification page 12, lines 8-13. The maximum amount of time from the beginning to the end of this process is curtailed by a time-to-live (TTL). If the

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predetermined TTL expires the transaction is terminated. The information is sent simultaneously from two sources, the purchaser's computer and the merchant's website. If the two information packets do not confirm one another the transaction is cancelled. If the transaction is successfully completed the user is sent a password for his/her next transaction, provided the I/O purchased was designed to facilitate multiple transactions. See Specification page 13, line 15 to page 14, line 16.

The above is merely a restatement of the original specification, as such no new matter has been added and no new search is necessary. Amendments in claims 1 and 7 have overcome the reasons provided for the rejection and therefore, this rejection should be withdrawn.

In addition, applicant refers to case law discussed in MPEP 2172.01, on a rejection under Section 112, second paragraph, for failure to point out and distinctly claim the invention, which states that "It is not essential to a patentable combination that there be interdependency between the elements of the claimed device or that all the elements operate concurrently toward the desired result." Ex parte Nolden, 149 USPQ 378, 380 (Bd Pat Appl 1965); Ex parte Huber, 148 USPQ 447, 448-49 (Bd Pat App. 1965. A claim does not necessarily fail to comply with 35 U.S.C. 112, second paragraph where the various elements do not function simultaneously, are not directly functionally related, do not directly intercoperate and/or serve independent purposes.

35 U.S.C. § 102 (b) Rejections

The Examiner rejected claims 1-12 under 35 U.S.C. § 102 (b) as being anticipated by Kolling et al (US 5,920,847).

Examiner's comment that *separation limitation appears to be at the core of applicant's invention and is traversed by fig 19B where there is no personal financial information link between the consumer's I/O device and the merchant (biller) during the execution of this transaction because there is no link or directional arrow between the consumer and the biller merchant during the transaction* is unjustified as there is no specific mention of the separation of personal financial information from the transaction at any point in the specification or claims of Kolling.

The Examiner's assumption is wrong because the lack of a line connecting the source of the funds and their destination does not mean that the information is not transmitted. In fact, ATM or credit card transactions are executed via the transmission of account numbers and pin numbers. The detailed description of the drawing refers to credit and debits of the ACH account, this could only be done if the account number was disclosed, as there is no device that operates as a means of separating the account from the transaction, as the I/O device does in the invention. This is the case with Kolling, where personal financial information would have to be transmitted for the transfer to be successfully completed. Any attempted transfer where personal financial information is not transmitted would result in a failed transaction, as the transmission of said information is an essential element of the Kolling system. In the invention there is a separation, as the I/O device does not retain the number of the account from which it was authorized/drawn. The Examiner appears to have improperly applied hindsight reasoning, based on applicant's own disclosure. Such hindsight is not permitted under Section 102 or 103 rejections.

The present invention possesses several factors which are neither present nor suggested in Kolling, the step where the customer installs software that corresponds to the I/O device onto his/her computer and the step in the invention where data sent from two different location, the customer's computer and the merchant's website, must validate each other are not present in Kolling. Each of these distinct aspects of the invention serves as a substantive reason to overcome the 102 rejections.

Among the elements that clearly distinguish the invention from the reference is that personal financial information is not accessible at the time of the transaction because the I/O device acts as the sole source of validation necessary for the transaction on behalf of the client. For example, the purchasing of the I/O device may require the connection to personal financial information; the purpose of the I/O device is to allow the personal financial information to be severed from the transaction. Once the I/O device is purchased there is not a further need for a client to send, nor is there a need for a merchant to request personal financial information.

As disclosed on page 12 of the original specification in regard to the detailed description of Fig. 5, the invention includes a step wherein the I/O device is attached to the parallel port on the client's computer and the necessary software step is installed. This aspect of the invention is entirely novel and heretofore not used in the field. This step is included in the timeline requested by the examiner as a means of further describing process, which had previously been disclosed in the specification. No new matter has been added.

As disclosed on page 14 of the original specification in regard to the detailed description of Fig. 5, the final step in the execution of the transaction occurs when the
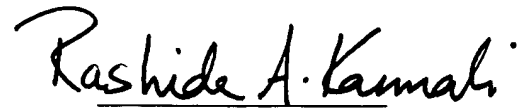
merchant's website and the client's computer send information packets, which must validate each other, to the financial institution. This means of validation is neither mentioned nor suggested at any point in Kolling.

According to the case law, for a rejection to be upheld under section 102(b) of 35 USC, "…every element of the claimed invention must be identically shown in a single reference'…these elements must be arranged as in claim under review" (In re Bond, 910 F.2nd 831, 15 USPQ 2nd 1566). Therefore, under In re Bond, the cited art does not anticipate the prior invention. This is because three essential element of the present invention—the separation of personal financial information from the transaction, the installation of software onto the client's computer, and the validation of two data packets—are not present in the cited prior art. There is no mention is the detailed description of figure 19B of the separation of personal financial information from the transaction. Nor, for that matter, is there any mention in the specification of said essential element of the instant invention. Therefore, this rejection should be withdrawn.

If for any reason, the Examiner should deem this application not in condition for allowance, the Examiner is respectfully requested to telephone the undersigned attorney to resolve any outstanding issues prior to issuing a further Office Action in the interest of moving the prosecution forward efficiently.

Applicant's attorney is submitting a request for a telephone interview should the need arise.

Respectfully Submitted,

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